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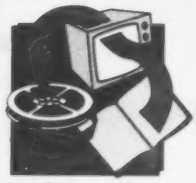
Folio:

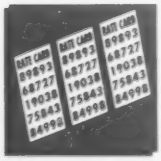
Association mags create spin-offs . . . page 38

OCTOBER 1, 1991 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50



Crafting cross-media deals

Beating the newsstand blues



Holding the line on rate cards

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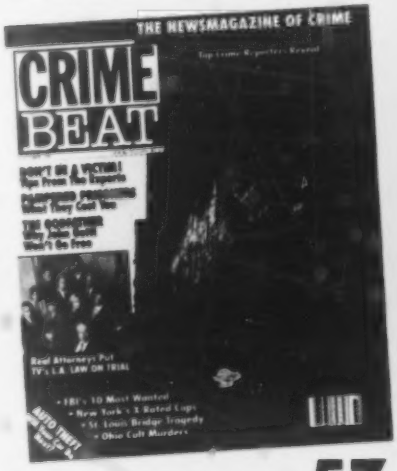

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Folio:

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ABP The Audit Bureau MPA

Unemployed face 'brutal' market

By Tony Silber

"Betty" is 46 years old and had been an ad sales person for 10 years, most recently at a major Hearst title. "My best year was in 1989, when I made $71,000," she says. "I had stars in my eyes and said, 'Hey, I'm going to hit six figures.' "

But Betty (not her real name), fell victim to a restructuring last March. Now she's working for a temp firm as a "Susie Secretary" making about $10,000. "I'm a good and talented and capable salesperson," she says. "Now I'm out of work. What's wrong with this picture?"

No one knows when the layoffs will stop, says Cahners' McDermott.

What's wrong is that the magazine industry is hemorrhaging. During the past 18 months, hundreds of people have been cast out of work as the advertising slump continues and magazines of all kinds close down or cut back.

Consider some recent events: *New England Living* suspended in August, laying off 22. Time Inc. Magazine Co., the world's largest magazine publisher, is expected to lay off 35 to 40 *Time* editorial staffers soon. Cleveland-based Penton Publishing announced it has reduced its staff by 70 (*see page 18*). And Family Media's closing August 7 put 209 employees on the streets.

For many of those out of work, the prospects for immediate re-employment in the industry are dim.

"It's the worst I've ever seen it," says Edward Koller, president of the Howard-Sloan-Koller Group. "I've been recruiting for 20 years, and it's unbelievable out there."

James Tenser, executive editor of *VisionMonday* and president of the New York Business Press Editors, a 20-year-old trade group with about 150 members, says senior-level people out of work now are in a "brutal" situation, as institutionalized age discrimination and the national recession converge to drive them out.

"If you were at $50,000 or $60,000 in a high-level staff job, your chances are very slight," he says.

The U.S. Bureau of Labor Statistics keeps employment figures that confirm the publishing field is shrinking. In 1988, there were about 130,000 jobs in the periodicals industry, which includes magazines, comic books, statistical reports and television schedules. In 1990, that number was 129,100; through June 1991, that number declined to 126,800.

"There are as many [unemployed] people out there now as there were in '74-'75, and '81-'82," says Terrence M. McDermott, president of the Cahners Magazine Co., referring to previous recessions. "You're seeing the classic bottom of the cycle." Cahners laid off about 200 people earlier in the year.

For unemployed magazine staffers, the competition is stiffer than ever. "Two years ago, if someone ran an ad, they got 25 to 30 resumes," Koller

(CONTINUED ON NEXT PAGE)

Teen titles take tumble in circulation game

Fickle readers blamed for sharp declines

By Tony Silber

Newsstand circulation is a high-risk endeavor for teen magazines, whose success traditionally has been closely linked to that of the teenybopper singers and bands they cover. And this year, the teen magazines have followed the fortunes of the New Kids on the Block—taking a dizzying plunge from the penthouse toward the outhouse.

In addition, the teen titles—which are largely dependent on newsstand sales—have been further hit by the malaise afflicting newsstand performance industry wide.

Their decline is stunning indeed. Four of the top five circulation gainers for the first half of 1990—*Super Teen*, *Teen Machine*, *16 Magazine* and *Teen Beat*—now find themselves among the top five losers for the same period this year, according to the Audit Bureau of Circulations' Fas-Fax.

"Never have I seen that many [teen magazines have such a dramatic turnaround] in a six-month period," says Dan Capell, editor of "Capell's Circu-

(CONTINUED ON PAGE 19)

JOHN MOTTERN

Teen tumble

(CONTINUED FROM PAGE 17)

lation Report." "So, yeah, I'd call it incredible."

The teen magazines have always had greater swings than any other magazine category, says newsstand circulation consultant Ron Scott. "The kids are fickle," he says. "You know there are going to be times that you're making money so fast you don't have time to count it. The trick is to know when to cut back before the field dies."

The dismal performance of the teen titles anchored the generally lackluster performance of magazines in the first half of 1991, as represented by Fas-Fax. Total circulation of the 570 members of ABC who reported their figures was about 434.2 million, up about 2 percent from 1990's 425 million. Total subscriptions increased too, by about 4 percent, from 323.3 million to 336.2 million.

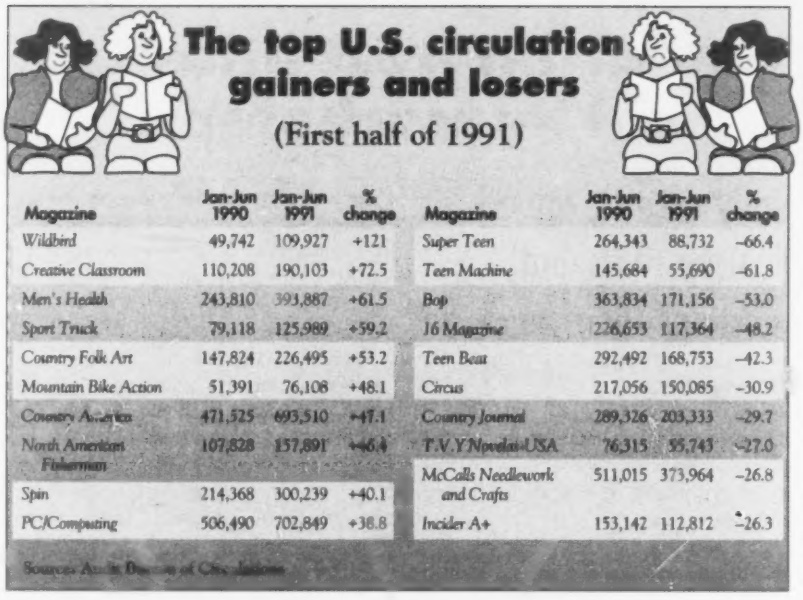
Overall decline

Newsstand sales—already in a slump exacerbated by the recession—declined by about 4 percent, from 101.7 million in the first half of 1990 to 98 million in the first six months of 1991. "I think it could very well be the worst newsstand performance in history," says Capell. "You've got 61 percent reporting newsstand losses. The worst prior to that is 55 percent, a couple of times. More amazing is that 45 percent showed loses in total circulation, which is the worst since December '86."

Scott, however, doesn't think things are as bad as Capell suggests. "Newsstand sales are not much worse than the trend that's been continuing for 10 years—that readers want magazines with more specialization." Because of that, Scott says, new narrow-niche magazines emerge along with special issues of existing magazines. Consequently, the universe of magazines outside those audited by ABC expands, and the real state of the newsstand market is not reflected in Fas-Fax, Scott maintains. (*For more on this subject, see "Newsstands, will they ever be the same?" page 76.*)

"This year, it looks like overall unit sales are down," Scott acknowledges, "which is part of the response to a recession. I don't see that as a long-term trend."

Scott says that the thinness of some magazines during the advertising slump causes casual readers not to buy at the newsstand. He also notes that 12 years ago, there were perhaps 10 magazines available at the checkout counter, and now there are about 40. "The number of people may have increased by 50 percent," Scott says. "But their choices increased by 400 percent. The pie's being split up." ■



Magazine	Jan-Jun 1990	Jan-Jun 1991	% change
Wildbird	49,742	109,927	+121
Creative Classroom	110,208	190,103	+72.5
Men's Health	243,810	393,887	+61.5
Sport Truck	79,118	125,989	+59.2
Country Folk Art	147,824	226,495	+53.2
Mountain Bike Action	51,391	76,108	+48.1
Country America	471,525	693,510	+47.1
North American Fisherman	107,828	157,891	+46.4
Spin	214,368	300,239	+40.1
PC/Computing	506,490	702,849	+38.8

Magazine	Jan-Jun 1990	Jan-Jun 1991	% change
Super Teen	264,343	88,732	-66.4
Teen Machine	145,684	55,690	-61.8
Bop	363,834	171,156	-53.0
16 Magazine	226,653	117,364	-48.2
Teen Beat	292,492	168,753	-42.3
Circus	217,056	150,085	-30.9
Country Journal	289,326	203,333	-29.7
T.V.Y Novelas-USA	76,315	55,743	-27.0
McCalls Needlework and Crafts	511,015	373,964	-26.8
Insider A+	153,142	112,812	-26.3

Sources: Audit Bureau of Circulations

JUNE MCWILLIAMS

Teen magazines, the top circulation winners in the first half of 1990, are the biggest losers in 1991—a result of overall newsstand sales declines and a lack of teen idols.

Segel, Reed exec, mourned as 'giant'

Ronald G. Segel will be remembered as a great publishing leader who helped guide Cahners Publishing Co. to its position as the country's largest business magazine company, say friends and colleagues.

Segel, the chairman and CEO of Reed Publishing (USA) Inc., the $1.3 billion communications conglomerate and parent company of Cahners Publishing Co., died of lung cancer in Boston on August 30. He was 56.

"He was a giant," says John Emery, president of American Business Press. "It's been a particularly tough year for us," he added, recalling the recent death of former Edgell Communications chairman Robert Edgell.

Segel, a graduate of Harvard College and the Harvard Business School, joined Cahners Publishing Co. in 1971 as vice president of finance. He was named president and COO of Cahners and Reed Publishing (USA) Inc. in 1985. He was appointed chairman and CEO in 1989, and was named deputy chief executive of the parent company, Reed International P.L.C. of London, in 1990.

Ronald G. Segel

Robert L. Krakoff, the president and COO of Reed Publishing (USA) and Cahners Publishing Co., had been performing Segel's duties during his illness. The company had not announced a successor at press time.

Segel is survived by his wife, Roberta; his mother; a brother and sister; three children; and three grandchildren. Contributions may be made in his memory to the Clinical Cancer and Blood Disease Endowment, Beth Israel Hospital, 330 Brookline Ave., Boston, MA, 02215.—*Tony Silber*

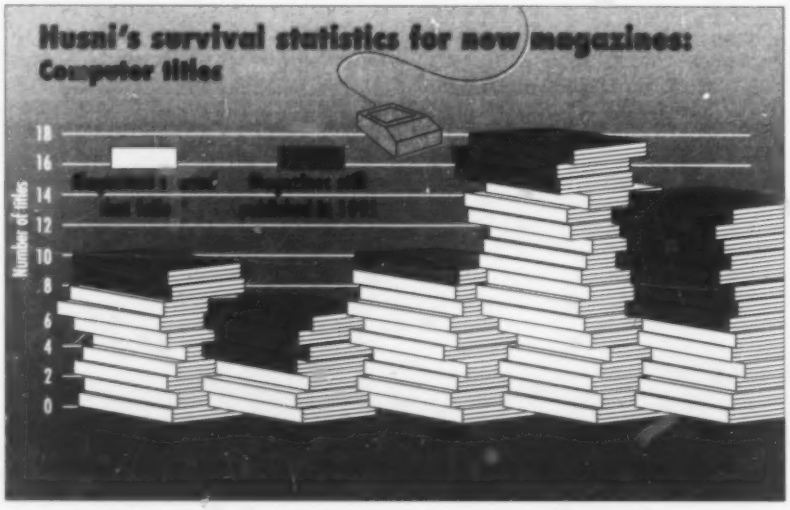
How magazines are born

By Samir Husni

If you think new magazine launches have a high mortality rate, just think about the fragility of the *idea* for a new magazine: New magazine ideas have about 10 times less of a chance for survival than start-ups. And that's about what it should be.

"Ideas come by the dozen," says David Jordan, editor in chief of *Better Homes and Gardens*, "and they are worth a dime." Most often a new magazine is a brainchild of an enthusiast, zealot or visionary unfamiliar (and unfettered by) the formulas or guidelines of the magazine publishing business. While this kind of isolation from the conventions of publishing is often a suitable environment for the creation of something unique, when it comes to the execution of the idea, the gentle application of some of the principles of publishing are necessary to nurture a fragile idea into a successful prototype. So, how does this seed grow and what is its germination process?

First, one should know that his or her new magazine is rarely alone in the marketplace of ideas. Almost every day calls and letters arrive at the offices of major magazine publishers with proposals for "the best magazine idea yet to be published." Eric Schrier, who started *Hippocrates* (now *In Health*) in 1986 and has since sold it to Time Warner, is now reviewing ideas for Time Publishing Ventures, a subsidiary of the publishing giant that looks into new magazine projects. Speaking at the recent Stanford Professional Publishing



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LETTERS

Disillusioned trade editor

Richard O'Connor's article reminded me of my own situation—except that the story endings are entirely different. (*See "Why trades get no respect,* FOLIO:, *August 1, 1991, page 79.*) Whereas O'Connor's publisher was flexible and caring enough to give him a chance to succeed or fail, my publisher is completely inflexible, terrified of change, and weighs expenditures solely on the basis of whether or not they will produce immediate advertising results. (For example: No research on our industry to share with advertisers. "Prove to me that we can sell some advertising, and then we'll do the research," he says.

My publisher has taken the art of rejection to new heights. For example, unlike O'Connor's publisher, who stopped at asking, "Why fix something that's not broken?" my publisher takes it a step further by stating, "That's a good idea . . . but it won't work in this industry."

His is an interesting concept; four-color covers, four-color editorial, good graphics, strong writing, extensive industry research, etc., are good ideas for other industries, but not for ours.

You gotta hand it to him. His responses are designed to stop any discussion about magazine improvement.

And they work! In all the fields we cover, we're not first in any of them and last in one.

It isn't very difficult to figure out why trades get no respect.

Name and affiliation withheld by request

Aggressively fighting advertising fraud

I want to thank both FOLIO: and Lisa Fried for the nice job you did on reporting the story regarding the problem of fraudulent advertising agencies. (*See "Advertiser indicted in fraud case,"* FOLIO:, *August 1, 1991, page 15.*)

Until now, the magazine credit community has been fighting a losing battle against fraudulent advertisers. On July 3, 1991, we finally won one when a Federal Grand Jury indicted a well-known fraudulent advertiser with 17 counts of mail fraud.

Thanks to the U.S. Postal Service, it appears the tide has begun to turn. We now have a very powerful and effective compatriot in our fight against fraudulent advertisers. From this point on, the magazine credit community is going to take an offensive stance against fraudulent advertisers, and the MCA will aggressively track all known offenders and ultimately put them in jail.

I would like to convey a brief and simple message to all those other fraudulent advertising agencies who have had their way with the magazine industry in the past: "We know who you are and you're next—the party is over!"

P.S. The only thing I would like to add to your news story is that Russell Levitt, the gentleman the Postal Authoritiy apprehended, is out on $100,000 bond, and is not permitted to leave the tri-state area.

James E. Van Meter
Vice President
Media Credit Association

Where credit is due

In an article about Carl Portale (*see* FOLIO:, *July 1, 1991, "Portale takes on* Harper's Bazaar," *page 38*) you report that he "launched" *European Travel & Life*.

In fact, the magazine was launched by Mark Inabnit, whose idea it was and who financed its early publication. Mr. Inabnit discussed his ideas with me in the winter of 1984, and I served as the magazine's editorial consultant up to the publication of the prototype issue in May 1985. During that period, Carl Portale joined the magazine as publisher and did a terrific job of launching its advertising sales.

John Fry
Editor
Snow Country

They're *all stars*

Your August FOLIO: edition features eight "Circulation All-Stars" (*see page 60*). I am pleased to note a strong ABC affiliation with five of these designated industry leaders.

Bert Lacy of Ziff-Davis has served on ABC's board since 1986. Serving on ABC's Magazine Directors Advisory Committee are Bob Kaslik of Rodale Press, Susan Allyn of *Bon Appetit*, Peter Armour of Conde Nast and Gene Ferrone of Hearst.

On behalf of the Audit Bureau of Circulations, I congratulate you and your readers on a wise choice of individuals, who, we, too, consider to be "all stars" of the media industry.

M. David Keil
President and Managing Director
Audit Bureau of Circulations

Clarification

The estimated 1991 ad revenue totals appearing in a chart with "Boating titles swamped by luxury tax" (September, page 28) apply to display advertising only. The correct revenue estimates should have read: *Boating*, $9,779,599; *Motor Boating & Sailing*, $6,345,302; *Power & Motoryacht*, $8,398,981; *Yachting*, $8,130,534; *Salt Water Sportsman*, $4,311,092.

Coming in November FOLIO:

Need-to-know information for magazine management

In the second half of our series on the magazine industry's critical issues, top magazine experts will address:

- How desktop publishing changes the balance of power between departments and between individuals.
- 25 surprising ways to cut costs without cutting quality.
- Why editorial excellence still pays off—with advertisers as well as readers.

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